Department of Housing and Community Development – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
($ in Millions)

Program	*2014 Approp.*	*2015 Approp.*	*2016 Request*	*2017 Estimate*	*2018 Estimate*	*2019 Estimate*	*2020 Estimate*
Rental Housing Programs	$47.475	$52.230	$37.750	$25.950	$25.950	$25.650	$25.350
Special Loan Programs	10.400	9.900	10.400	10.400	10.400	10.400	10.400
Community Development Block Grant Program	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Homeownership Programs	9.000	12.700	13.700	15.200	14.700	16.200	15.700
Partnership Rental Housing Program	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Community Legacy Program	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Neighborhood Business Development Program	2.360	4.250	4.550	4.650	4.650	4.650	5.250
Shelter and Transitional Housing Facilities Grant Program	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Strategic Demolition and Smart Growth Impact Fund	5.000	7.500	5.000	0.000	0.000	0.000	0.000

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Program	*2014 Approp.*	*2015 Approp.*	*2016 Request*	*2017 Estimate*	*2018 Estimate*	*2019 Estimate*	*2020 Estimate*
Baltimore Regional Neighborhoods Demonstration Initiative	3.000	1.680	1.680	0.000	0.000	0.000	0.000
MD BRAC Preservation Loan Fund	2.250	3.000	3.500	3.500	3.000	2.500	1.850
Total	**$102.990**	**$114.760**	**$100.080**	**$83.200**	**$82.200**	**$82.900**	**$82.050**

Fund Source	*2014 Approp.*	*2015 Approp.*	*2016 Request*	*2017 Estimate*	*2018 Estimate*	*2019 Estimate*	*2020 Estimate*
PAYGO GF	$3.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
PAYGO SF	26.775	32.525	32.050	32.300	32.200	34.100	33.350
PAYGO FF	19.500	16.925	16.700	17.300	17.300	17.000	16.700
GO Bonds	53.710	65.310	51.330	33.600	32.700	31.800	32.000
Total	**$102.99**	**$114.76**	**$100.08**	**$83.20**	**$82.20**	**$82.90**	**$82.05**

BRAC: Base realignment and closure
FF: federal funds
GF: general fund
GO: general obligation
MD: Maryland
SF: special fund

Summary of Issues

Use of Taxable Debt: The general obligation (GO) bonds issued in support of many of the Department of Housing and Community Development (DHCD) programs must be issued as taxable debt. In cases where investors do not pay federal income taxes, they are willing to settle for lower returns. Investors in taxable debt require higher returns to offset their tax liabilities. Consequently, the State can offer lower interest rates on tax-exempt bonds. **To reduce debt service cost, the Department of Legislative Services (DLS) recommends that to the extent possible, the State refrain from using GO bonds for DHCD programs that require the issuance of taxable debt.**

Summary of Recommended PAYGO Actions

1. Neighborhood Business Development Program

   Concur with Governor's allowance.

2. Maryland Base Realignment and Closure Preservation Loan Fund

   Concur with Governor's allowance.

3. Rental Housing Program

   Concur with Governor's allowance.

4. Homeownership Program

   Concur with Governor's allowance.

5. Special Loan Program

   Concur with Governor's allowance.

Summary of Recommended Bond Actions

Funds

1. Community Legacy Program

   Approve funding for the Community Legacy Program.

2. Neighborhood Business Development Program

   Approve funding for the Neighborhood Business Development program.

3. Strategic Demolition Smart Growth Impact Fund

   Approve funding for the Strategic Demolition and Smart Growth Impact Project Fund.

4. Baltimore Regional Neighborhood Demonstration Initiative

   Approve funding for the Baltimore Regional Neighborhoods Initiative.

5. Homeownership Programs — $9,000,000 GO

   Reduce the general bond appropriation by $9,000,000. Of this amount, $7,000,000 is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

6. Partnership Rental Housing Program

   Approve funding for the Partnership Rental Housing Program.

7. Shelter and Transitional Housing Facilities Grant Program

   Approve funding for the Shelter and Transitional Housing Facilities Grant Program.

8. Special Loan Program — $3,715,000 GO

   Reduce the general bond appropriation by $3,715,000. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

9. Rental Housing Program — $10,000,000 GO

   Delete the general bond appropriation. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

Total Reductions — $22,715,000

Program Description

DHCD has two programmatic units: the Division of Neighborhood Revitalization and the Division of Development Finance. The Division of Neighborhood Revitalization provides technical and financial assistance to stabilize and revitalize existing neighborhoods. The programs include:

- **Community Development Block Grant Program:** This program provides competitive federally funded grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Non-entitlement areas are mainly rural areas of the State. Entitlement areas receive a direct allocation from the U.S. Department of Housing and Urban Development (HUD) and are not eligible for the State program.

- **Community Legacy Program:** This program provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration. These neighborhoods are responsible for implementing a revitalization strategy that will reposition the community for new private investment. Funds may be used for capital improvements such as streetscape and façade improvements, recreational amenities, improvement of community gathering places, and other improvements to improve the desirability of the community.

- **Neighborhood Business Development Program:** The program, also known as Neighborhood BusinessWorks (NBW), provides grants and loans for community-based economic development activities in revitalization areas designated by local governments. The program provides gap financing to small businesses that are unable to finance 100% of a project's total costs through a traditional lender.

- **Strategic Demolition and Smart Growth Impact Project Fund (Smart Growth Impact Fund):** This fund provides grants to local governments, nonprofit organizations, and private entities for redevelopment and revitalization projects in sustainable communities, Base Realignment and Closure (BRAC) Revitalization and Incentive Zones, transit-oriented developments (TOD), and areas recommended by PlanMaryland for revitalization and growth.

- **Baltimore Regional Neighborhoods Demonstration Initiative:** This program provides grants to fund revitalization strategies in State-designated sustainable community areas in Baltimore City and Anne Arundel and Baltimore counties. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development. Fiscal 2014 was the first year of funding for Baltimore Regional Neighborhoods Demonstration Initiative (BRNI), with a $3 million allocation.

The Division of Development Finance provides programs to promote rental housing or homeownership opportunities for the elderly, the disabled, or people with limited income. These programs include:

- **Rental Housing Programs:** These programs rehabilitate and create new affordable housing for low- to moderate-income individuals, families, and elderly residents, or special needs populations. Low-interest loans or deferred-payment loans are provided to housing developers for the financing of affordable housing developments.

- **Special Loan Programs:** These programs provide loans or grants for abatement of lead hazards; rehabilitation or installation of indoor plumbing; rehabilitation to create accessory, shared, and sheltered housing facilities; rehabilitation to eliminate health, safety, and maintenance deficiencies in residential properties; and acquisition, construction, and modifications of group homes for low-income, elderly, disabled, or others with special housing needs.

- **Homeownership Programs:** These programs provide mortgage loans with minimum down payments to low- and moderate-income families. Programs include the Down Payment and Settlement Expense Loan Program (DSELP), which provides funds for down payment and settlement expenses, as well as the Maryland Home Financing Program, which makes direct loans to households to purchase homes.

- **Partnership Rental Housing Program:** This program provides deferred payment loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for low-income families. In 2007, the program was expanded to enable private and nonprofit borrowers to access financing for the creation of housing for persons with disabilities.

- **Shelter and Transitional Housing Facilities Grant Program:** This program provides grants to local governments and nonprofit organizations to develop emergency shelters and transitional housing for homeless individuals and families.

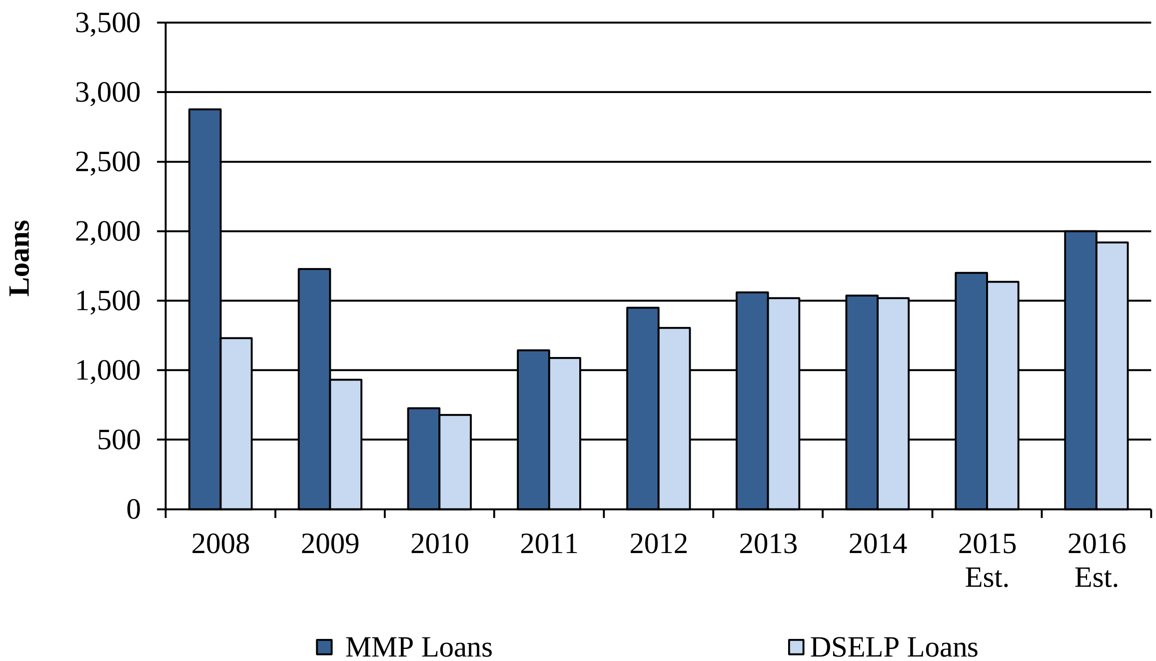
- **Maryland BRAC Preservation Loan Fund:** This fund provides loans and other financial assistance to public and private developers to preserve affordable multifamily rental housing in jurisdictions affected by the federal BRAC process.

Performance Measures and Outputs

1. Homeownership Assistance Levels Off

One of DHCD's main objectives is to help low- and moderate-income residents purchase homes. Two key portions of DHCD efforts toward these objectives include the Maryland Mortgage Program (MMP) and the DSELP. **Exhibit 1** shows the large, rapid decline in the number of DSELP and MMP loans provided from fiscal 2008 through 2010 followed by a steady increase in program usage through fiscal 2013. That trend ended in fiscal 2014 when the number of MMP loans decreased by 1.4%. However, DHCD believes the slowdown in the program usage is temporary and will strongly rebound in fiscal 2015 and 2016 due to new programs and a higher profile marketing strategy. One of the larger new initiatives is the MMP – Triple Play, which is a program DHCD will operate in Prince George's County using funds earmarked for the county from the National Attorneys General Mortgage Servicing Settlement.

Exhibit 1
Homeownership Assistance
Fiscal 2008-2016 Est.



DSELP: Down Payment and Settlement Expense Loan Program
MMP: Maryland Mortgage Program

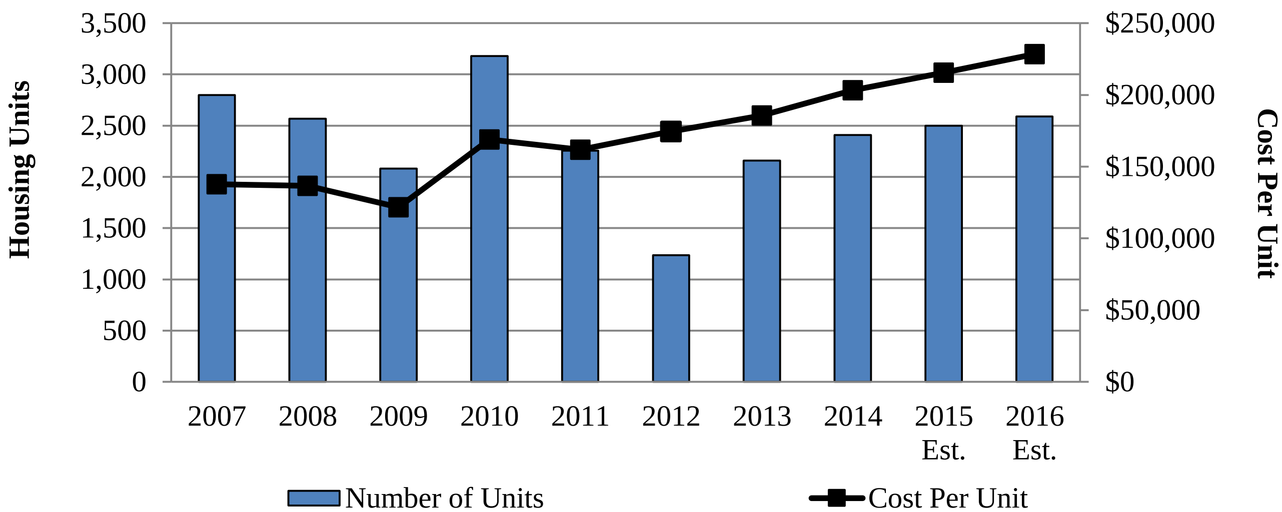
Source: Governor's Budget Books, Fiscal 2009-2015

2. More Affordable Rental Units Produced

Another DHCD goal is to expand affordable rental housing in Maryland in response to an increasing shortage of affordable rental units. There is a shortage of approximately 190,700 affordable rental housing units in the State for families earning less than 50% of the area median income, according to the most recent estimates from HUD. DHCD has several programs geared toward rental housing, including providing rent subsidies to families (in partnership with local government and private-sector organizations) and providing financing to housing authorities and other developers to construct new or preserve existing rental housing.

DHCD tracks the number of new affordable rental housing units produced through its financial support. The number of units produced is based on the projects that go to initial closing, meaning that DHCD and the borrower have closed the loan on the project, and construction is about to begin. Final closing is achieved after construction is complete. As shown in **Exhibit 2**, in fiscal 2010, production increased by more than 50.0% as a result of two federal American Recovery and Reinvestment Act of 2009 (ARRA) programs that fueled production that year. Production decreased in fiscal 2011 and 2012 because the ARRA funds were exhausted. In fiscal 2013, production increased by 74.5%, with continued increases in fiscal 2014 and projected into fiscal 2016. The increase is due primarily to additional resources in the Rental Housing Works (RHW) program and increased use of the Multifamily Bond Program. As shown in Exhibit 2, the per unit cost for real estate development continues to rise. In fiscal 2015, the cost to build approximately the same number of units as in fiscal 2008 will be approximately 1.5 times higher.

Exhibit 2
Affordable Rental Housing Units Going to Initial Closing
Fiscal 2007-2016 Est.



Source: Department of Housing and Community Development

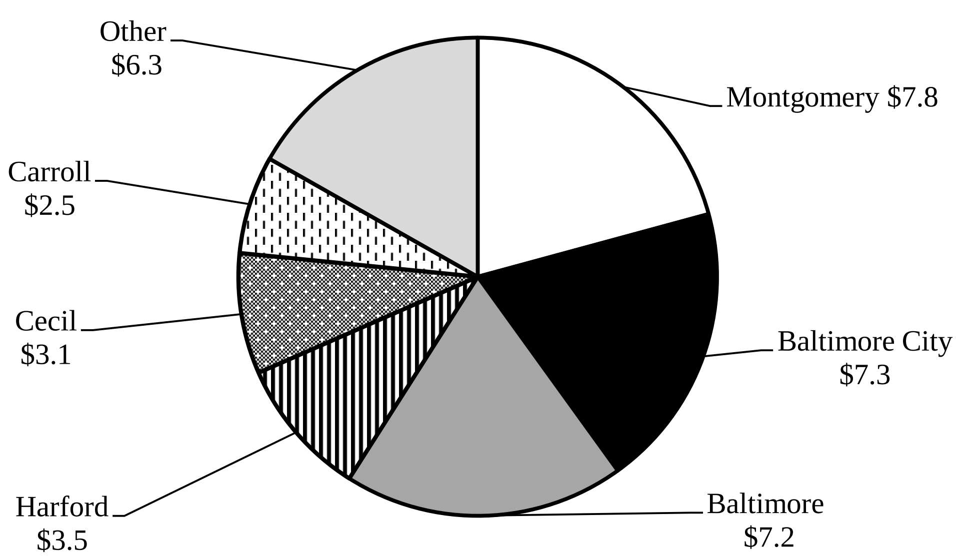
Budget Overview

DHCD's capital budget includes 11 programs. Across all programs, the Governor's proposed fiscal 2016 capital budget for DHCD decreases by $10.6 million to $100.1 million compared to the fiscal 2015 funding level. GO bonds comprise $51.3 million of the budget compared to $65.3 million in fiscal 2015,accounting for the total decrease in proposal funding. The fiscal 2015 appropriation included $65.3 million in GO bonds. The following provides an examination of several programs.

Rental Housing Programs

Funding for Rental Housing Programs, including RHW, decreases by $14.5 million, primarily due to a $14.7 million decrease in GO bond funding for the program. RHW has seen extensive use since program inception in fiscal 2013, with $37.7 million in RHW funds supporting already completed or in construction rental housing. Those funds have been used as part of the financing for more than $430.0 million in total projects for 2,712 new or rehabilitated affordable rental housing units. As shown in **Exhibit 3**, more than half of RHW funds have gone to Montgomery County ($7.8 million), Baltimore City ($7.3 million), and Baltimore County ($7.2 million).

Exhibit 3
Rental Housing Works Funding by County
Fiscal 2013-2015
($ in Millions)



Source: Department of Housing and Community Development

In addition to those projects either completed or underway, another 3,529 units using $53.6 million of RHW funds as part of $585.0 million in construction are in DHCD's pipeline. More than two-thirds of those funds are for projects in Baltimore City ($24.4 million) or Prince George's County ($11.5 million). The department will formally grant funding for each project as it is ready, so funds for these projects are not yet encumbered. If all projects in the pipeline are approved, RHW would be oversubscribed through fiscal 2016 funding.

Of the projects in the pipeline, six, reflecting $10 million in requests, are Rental Allowance Demonstration (RAD) projects. RAD is a HUD program that allows public housing and moderate rehabilitation properties to be converted to Section 8 rental assistance contracts. The projects are scheduled to close in spring 2015, but the department is awaiting approval from the U.S. Department of Justice and HUD on leasing protocols, which may cause a delay. DHCD funds projects on a "first ready to proceed" basis, so if RHW funds are exhausted prior to approval, the RAD projects could be delayed.

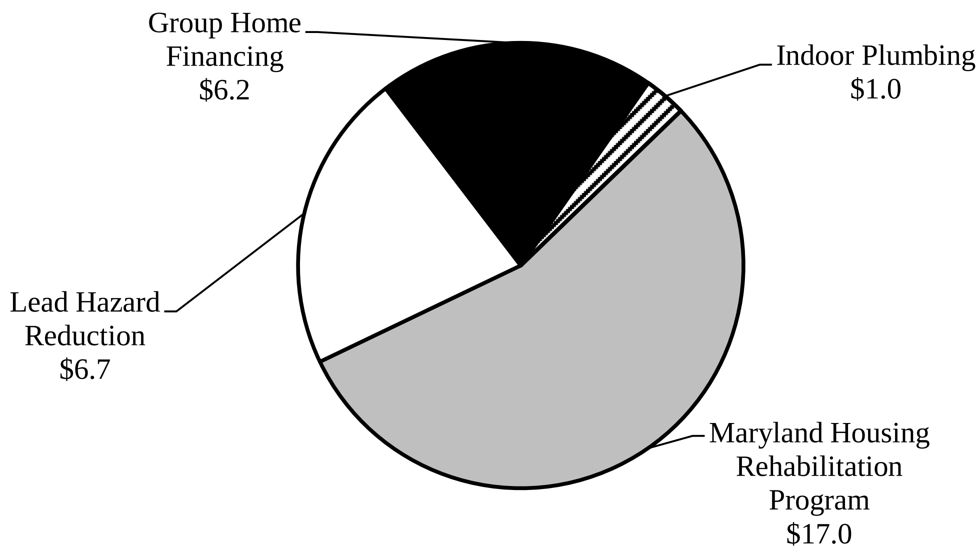
DHCD also expects continued EmPOWER special funds above the 2014 *Capital Improvement Program* (CIP) levels for the Maryland Multifamily Energy Efficiency in Housing Affordability (MEEHA) program. The MEEHA program is intended for energy efficiency improvements on DHCD-funded construction of new or rehabilitated affordable rental housing and for existing rental housing energy efficiency improvements. The staff of the Public Service Commission recommended against DHCD's continued use of EmPOWER funds, however, the full commission approved funding for calendar 2015. Further discussion of this issue, and a DLS recommendation is included in the analysis of DHCD's operating budget.

GO bond funding for RHW has not been included in the out-years of the CIP previously, but GO bond funds have been included every year since fiscal 2013. The department projects that the State faces an affordable rental housing shortage of more than 130,000 units. **DHCD should comment on the continued need for affordable rental housing in the State and also comment on what it foresees as the future needs for State support of RHW. DLS recommends deleting $10.0 million, in GO bonds for RHW to be replaced by general funds restricted from the Board of Public Works' Public School Construction Program (PSCP).**

Special Loan Programs

Special loan programs provide low-interest rate loans and grants to improve the housing of low- and moderate-income residents. As shown in **Exhibit 4**, the Maryland Housing Rehabilitation Program has received the bulk of Special Loan Program funding over the past five fiscal years, with the Lead Hazard Reduction and Group Home Financing programs also receiving significant amounts.

Exhibit 4
Special Loan Programs Spending
By Program
Fiscal 2010-2014
($ in Millions)



Source: Department of Housing and Community Development

Legislation in the 2013 session authorized the use of grants from the Special Loan Program, and fiscal 2015 is the first full year in which grants will be offered in this program. One reason for the change was to be able to provide funds to senior citizens and disabled homeowners who may not have had the resources to repay loans. DHCD projects that about $835,000, or 12%, of State funds in the Special Loan Program in fiscal 2015 will go to Accessible Homes for Seniors, aimed at funding accessibility-related improvements for homes. DHCD estimates that about 68% of special loan awards will remain loans, with the remaining 32% awarded as grants. **DHCD should comment on how the addition of grants will impact demand for Special Loan Program funding. The department should also comment on the impact on future funding with the removal of loan repayments as future income. DLS recommends deleting $3,715,000 in GO bonds for the Special Loan Program to be replaced by general funds restricted from the PSCP.**

Homeownership Programs

DHCD's homeownership programs are increasing by $1.0 million to $13.7 million in fiscal 2016, with $11.8 million coming in the form of GO bonds.

Included in the allowance is $1.0 million in funding for the Net Zero Homes program, created by Chapter 410 of 2014 to provide short-term loans to construct low-energy homes in sustainable communities. In the 2014 session, the Governor's allowance included $3.0 million in GO bonds for the Net Zero Homes program, which is intended to provide capitalization of a revolving loan fund for financing for the construction of new, energy efficient homes. The legislature removed the funding, and restricted $1.5 million of the Maryland Energy Administration's (MEA) special funds to replace the GO bond funds. However, MEA and DHCD could not come to an agreement over the operation of the program due to the agencies not believing $1.5 million was enough to launch the program, and the funds were not transferred.

Funding also increases for the DSELP to $10.5 million. GO bond funding for the program has grown from $7.0 million in fiscal 2014, to $9.0 million in fiscal 2015, with an allowance of $10.5 million for fiscal 2016.

DLS recommends deleting $9 million in GO bonds for homeownership programs. Of this amount, DLS recommends that $7 million be replaced by general funds restricted from the PSCP. The $2 million difference would be a reduction of the $1 million earmarked for the Net Zero Homes program and a $1 million reduction in the DSELP.

Strategic Demolition and Smart Growth Impact Fund

The Strategic Demolition and Smart Growth Impact (SDSGI) Fund is used to assist in the demolition, land assembly, housing development or redevelopment, and revitalization projects in sustainable communities, BRAC Revitalization and Incentive Zones, TODs, or in areas recommended by PlanMaryland for revitalization and growth. Funding for this program declines from $7.5 million in GO bonds in fiscal 2015 to $5.0 million in GO bonds in fiscal 2016 with no further spending included in the CIP.

Funding is awarded on a competitive basis and goes to either government entities or nonprofit groups. As shown in **Exhibit 5**, DHCD awarded the bulk of fiscal 2015 funding for SDSGI to projects in Baltimore City and Prince George's County. Awards of less than $500,000 went to projects in 11 other counties. **DHCD should comment on the status of the program and its future.**

Exhibit 5
Strategic Demolition and Smart Growth Impact Fund Awards
By Municipality
Fiscal 2013-2015

Municipality	Amount
Baltimore City	$7,795,000
Prince George's County	2,613,000
Dorchester County	1,175,000
Allegany County	1,050,000
Harford County	800,000
Talbot County	790,000
St. Mary's County	500,000
Somerset County	500,000
Anne Arundel County	450,000
Caroline County	400,000
Frederick County	350,000
Wicomico County	250,000
Worcester County	200,000
Carroll County	200,000
Montgomery County	100,000
Washington County	100,000
Cecil County	100,000
Worchester County	90,000
Baltimore County	37,000
Total	**$17,500,000**

Source: Department of Housing and Community Development

Neighborhood BusinessWorks

The Neighborhood Business Development Program, which operates as NBW, provides grants and loans to fund economic development activities in revitalization areas designated by local governments.

Of the $3.5 million in GO bond funding in the fiscal 2016 allowance, $1.0 million (in addition to $1.0 million in unencumbered funds from fiscal 2015) is to be designated for the Maryland Fresh Food Financing Initiative (FFFI) to develop grocery stores in food deserts in low-income communities with a focus on those that will source fresh food from State farmers. Local governments must apply to DHCD to designate a municipality or area as a food desert. As part of Chapter 228 of 2014 that created FFFI, the department launched the Interagency Food Desert Advisory Committee in November 2014, which will review regulations and set up a process for designating food deserts. FFFI has already begun program activities, including the following projects:

- **Baltimore Food Hub** – $500,000 for building costs;
- **Cross Street Partners** – $500,000 for a production kitchen to assist the Baltimore Food Hub;
- **The Reinvestment Fund** – $500,000 pending application to become an intermediary lender for the program; and
- **The Shift Restaurant in Frostburg** – $90,000 application to open a farmers market to expand access to locally produced fresh foods.

DHCD should comment on the progress of FFFI and the projected impact of the program.

Baltimore Regional Neighborhoods Demonstration Initiative

BRNI was initiated as a pilot program in fiscal 2014 using $3 million in general funds for comprehensive revitalization strategies of sustainable community areas in Baltimore City and Anne Arundel and Baltimore counties. Grant recipients include residential and commercial projects with activities including property acquisition, redevelopment, rehabilitation, and new infill development. To date, all BRNI funds have been awarded to Baltimore City and Baltimore County. DHCD did not receive any grant applications from Anne Arundel County in its first year and has not opened up funding to new applications due to the limited funds available.

In fiscal 2015, DHCD awarded $1.7 million of capital funds and $750,000 in operating funds to four groups, as shown in **Exhibit 6**. The fiscal 2016 budget includes $1.68 million in GO bond funding for BRNI despite not being included in the CIP last year. Since the program's inception in fiscal 2014, funding for the program has not been included in future years of the CIP, which remains the case in the current CIP, which does not include plans for any funding beyond fiscal 2016.

Exhibit 6
Baltimore Regional Neighborhoods Demonstration Initiative Awards
Fiscal 2015

Awardee	Capital Award	Operating Award	Total Award
Central Baltimore Partnership	$1,585,000	$675,000	$2,260,000
Southeast Community Development Corporation	1,433,000	420,000	1,853,000
Dundalk Renaissance Corporation	1,042,000	405,000	1,447,000
Healthy Neighborhoods	620,000	$0	620,000
Total	**$4,680,000**	**$1,500,000**	**$6,180,000**

Source: Department of Housing and Community Development

Partnership Rental Housing Program

The Partnership Rental Housing Program provides deferred-payment loans to local governments to build or rehabilitate rental housing for residents earning less than 50% of the statewide median income. Repayment is not required if the borrower continues to own and lease the housing to eligible households.

The program has not encumber approximately half of its annual $6 million in GO bond funding from fiscal 2014 and has yet to encumber any fiscal 2015 funds. **DHCD should comment on the low encumbrance rate in the Partnership Rental Housing Program.**

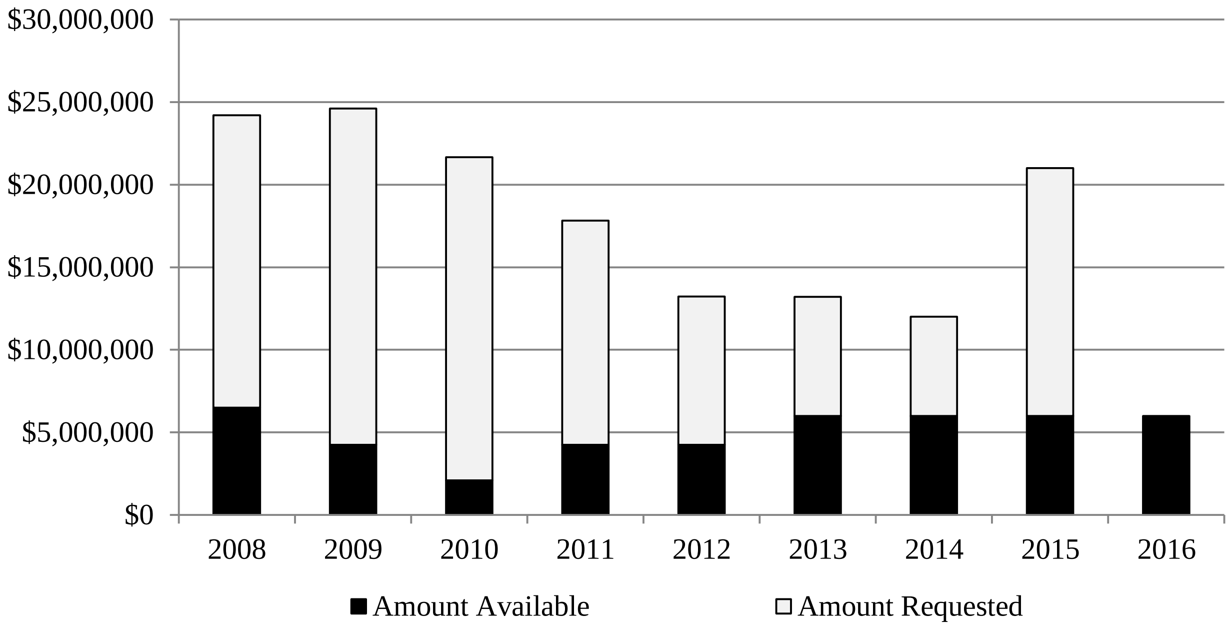
Shelter and Transitional Housing Facilities Grant Program

The Shelter and Transitional Housing Facilities Grant Program provides grants to local governments and nonprofit groups to develop emergency shelters and transitional housing for homeless individuals and families. Nearly all of the fiscal 2013 allocation ($2.0 million) and all of the fiscal 2014 allocation ($1.5 million) remains unencumbered, although the department indicates that it has projects in the pipeline that will exhaust available funding through the fiscal 2016 allowance. **DHCD should comment on the low encumbrance rate in the Shelter and Transitional Housing Facilities Grant Program.**

Community Legacy

The Community Legacy Program provides funding to local governments and community development organizations to partially fund projects such as mixed use developments, streetscape and façade improvements, business retention and expansion, and increasing homeownership and rehabilitation. As shown in **Exhibit 7**, demand for Community Legacy funding typically exceeds available resources. The department received 124 applications for $21 million in funding in fiscal 2015, compared to the $6 million in available funds.

Exhibit 7
Demand and Available Resources for the Community Legacy Program
Fiscal 2008-2016



Note: Demand for funding is based on the amount of funding requested through the competitive grant process. This data is not yet available for fiscal 2015. A reversion in fiscal 2009 required the department to roll encumbrances forward into fiscal 2010, allowing only $2.1 million for new projects.

Source: Department of Housing and Community Development

Issues

1. Use of Taxable Debt

The GO bonds issued in support of many of DHCD's programs must be issued as taxable debt. Federal government regulations allow the State to issue debt that does not require the buyer to pay federal taxes on interest earnings. In cases where investors do not pay federal income taxes, they are willing to settle for lower returns. Investors in taxable debt require higher returns to offset their tax liabilities. Consequently, the State can offer lower interest rates on tax-exempt bonds. Federal laws and regulations limit the kinds of activities the proceeds from tax-exempt bonds can support. To avoid exceeding the private activity limits imposed in the federal regulations, the State has previously appropriated funds in the operating budget instead of issuing debt for private purpose programs and projects. For example, at a recent bond sale, the true interest cost of the taxable bonds issued by the State was noticeably higher than the tax-exempt bonds – 1.48% for four-year, taxable debt compared to 1.04% for four-year, tax-exempt debt. **To reduce debt service cost, DLS recommends that to the extent possible DHCD restrict its use of GO bonds.**

Consolidated Administrative Expenses – All Programs

	FY 2014 Actual	FY 2015 Estimated	FY 2016 Estimated
Sources:			
Special Funds			
Rental Housing	$3,100,000	$3,100,000	$3,100,000
Special Loan	1,480,000	1,380,000	1,410,000
Community Development Block Grant		0	0
Homeownership	1,700,000	2,100,000	2,400,000
Partnership Rental Housing	90,000	80,000	70,000
Community Legacy	700,000	200,000	150,000
Neighborhood BusinessWorks	850,000	850,000	1,045,000
Shelter and Transitional Housing Facilities Grant	0	0	0
Strategic Demolition and Smart Growth Impact Project	0	0	0
Energy Efficiency Conservation Block Grant	0	0	0
Energy Innovation Fund	0	0	0
Subtotal – Special Funds	**$7,920,000**	**$7,710,000**	**$8,175,000**
General Funds	$0	$0	$0
Federal Funds	2,821,760	2,656,111	2,580,136
Nonbudgeted Funds	0	0	0
Total Funds	**$10,741,760**	**$10,366,111**	**$10,755,136**
Uses:			
Direct Expenses	$7,149,201	$6,944,111	$7,278,136
Indirect Expenses (legal, marketing, asset management)	3,592,559	3,422,000	3,477,000
Total Direct and Indirect Expenses	**$10,741,760**	**$10,366,111**	**$10,755,136**

PAYGO Recommended Actions

1. Concur with Governor's allowance for the Neighborhood Business Development Program.

2. Concur with Governor's allowance for the Maryland Base Realignment and Closure Preservation Loan Fund.

3. Concur with Governor's allowance for Rental Housing Program.

4. Concur with Governor's allowance for Homeownership Program.

5. Concur with Governor's allowance for the Special Loan Program.

GO Bond Recommended Actions

1. Approve funding for the Community Legacy Program.

2. Approve funding for the Neighborhood Business Development program.

3. Approve funding for the Strategic Demolition and Smart Growth Impact Project Fund.

4. Approve funding for the Baltimore Regional Neighborhoods Initiative.

5. Reduce the general bond appropriation by $9,000,000. Of this amount, $7,000,000 is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

SA25A Homeownership Programs... $ 2,800,000

Allowance	Change	Authorization
11,800,000	-9,000,000	2,800,000

Explanation: Reduce the general bond appropriation by $9,000,000. Of this amount, $7,000,000 is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program. The remaining $2,000,000 reduction consists of $1,000,000 from the Down Payment and Settlement Expense Loan Program and $1,000,000 from the Net Zero Homes program.

6. Approve funding for the Partnership Rental Housing Program.

7. Approve funding for the Shelter and Transitional Housing Facilities Grant Program.

8. Reduce the general bond appropriation by $3,715,000. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

SA25D Special Loan Program.. $ 2,135,000

Allowance	Change	Authorization
5,850,000	-3,715,000	2,135,000

Explanation: Reduce the general bond appropriation by $3,715,000. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

9. Delete the general bond appropriation. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

SA25E Rental Housing Program... $ 0

Allowance	Change	Authorization
10,000,000	-10,000,000	0

Explanation: Delete the general bond appropriation. This funding is recommended to be replaced with general funds restricted from the Board of Public Works' Public School Construction Program.

Total General Obligation Bonds Reduction $22,715,000